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July 16, 2003

**VIA ELECTRONIC SUBMISSION**

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW – Lobby Level  
Washington, D.C. 20554

**Re: Notice of Ex Parte – CC Docket No. 96-149; CC Docket No. 98-141**  
In the Matter of Petition of SBC for Forbearance From the Prohibition of Sharing Operating, Installation and Maintenance Functions Under Sections 53.203(a)(2) and 53.203(a)(3) of the Commission's Rules and Modification of Operating, Installation and Maintenance Conditions Contained in the SBC/Ameritech Merger Order

Dear Ms. Dortch:

On July 15, 2003, Richard Dietz, President and Chief Executive Officer, James C. Smith, Vice President – FCC, Keith Epstein, Vice President General Counsel and Secretary, and I, representing SBC, met with Chris Libertelli, Legal Advisor for Chairman Powell to discuss the above referenced proceeding. SBC used the attached presentation as the basis for the discussion.

Sincerely,

**/s/ Gary L. Phillips**

Attachment

Cc: Chris Libertelli (*via first class mail*)

# **OI&M Forbearance Petition**

**Sharing OI&M and NP&E among SBC  
data affiliates will create operational  
efficiencies that benefit the consumer  
and competition**

**July 14-15, 2003**

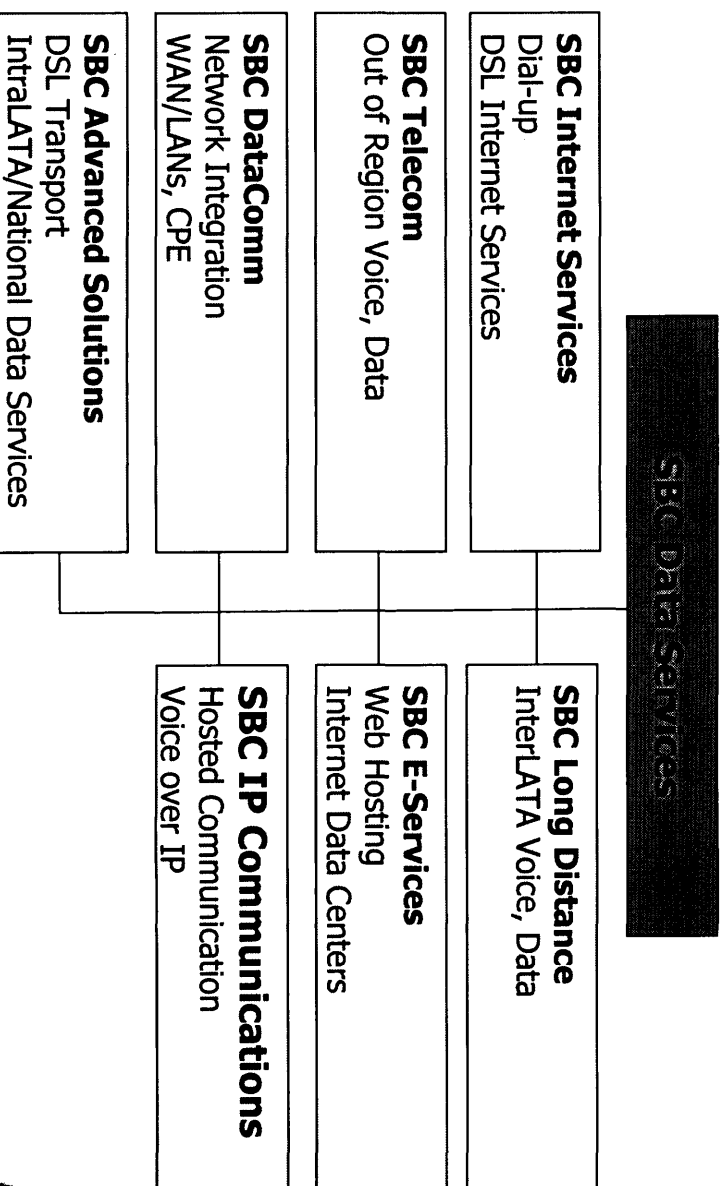


**Richard Dietz  
President & CEO  
SBC Data Services**

# Customers Need Seamless End-to-End Data Management by One Company

However, regulations caused SBC to establish separate data affiliates that operate independently to provide an end-to-end data service.

Currently, data services are provided by the following SBC Data Services affiliates:



*The OI&M and NP&E regulations create operational inefficiencies, compromise the customer experience, and hinder competition*



# **OI&M and NP&E Restrictions Prevent Customers from Receiving Seamless End-to-End Managed Services**

Can SBC Data Affiliates Perform OI&M/NPE Functions		
<i><b>Affiliate</b></i>	<b>for ASI</b>	<b>for Long Distance</b>
<b>ASI</b>	<b>N/A</b>	<b>No</b>
<b>Long Distance</b>	<b>No</b>	<b>N/A</b>
<b>Internet Services</b>	<b>No</b>	<b>No</b>
<b>Telecom</b>	<b>No</b>	<b>No</b>
<b>DataComm</b>	<b>No</b>	<b>No</b>

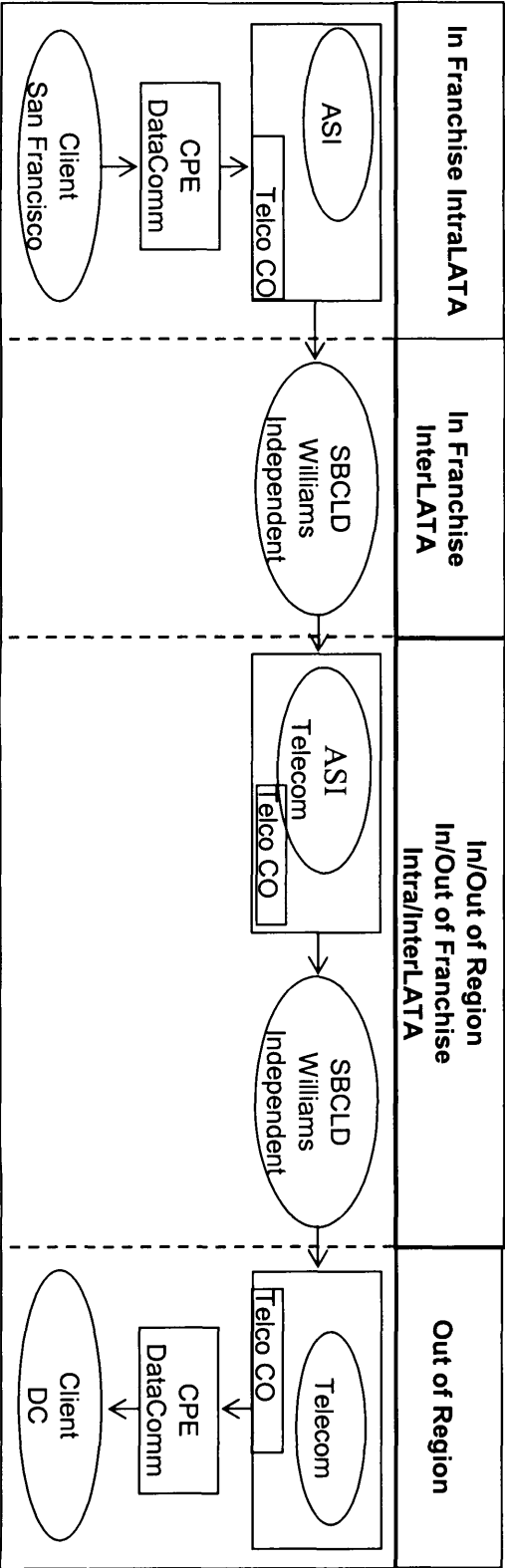
***Forbearance would allow SBC Data Services to provide customers with end-to-end managed services and encourage competition***



# Forbearance Will Allow SBC Data Services to Provide End-to-End Managed Service to the Customer

However, under the current structure, providing end-to-end managed services for one customer requesting interLATA ATM/Frame relay services requires:

- 5 separate affiliate orders
- 5 handoffs among affiliates
- 4 affiliate systems updated with duplicate network information
- 3 separate affiliate project managers with identical skill sets
- 5 separate affiliate billing systems



*OI&M and NP&E regulations create redundancies and increase inefficiencies among the SBC Data Service affiliates for sales, ordering, provisioning, installation, maintenance, surveillance, billing, and customer care*



# Inefficiencies Create a \$77.8 Million Annual Burden

Redundant OI&M and NP&E services create inefficiencies that are a burden to SBC data operations and make it difficult to meet customer needs.

The annual \$77.8 million savings associated with OI&M and NP&E duplicative efforts demonstrates the extent of the inefficiencies that burden SBC and degrade the customer experience.

*Savings would be achieved in the following areas:*

- ▶ Surveillance and Monitoring
- ▶ Staff Product Support
- ▶ Network Capacity Management
- ▶ Real Estate
- ▶ Local Field Operations and Dispatch
- ▶ Program/Project Management
- ▶ Ordering, Circuit Design and Facility Assignment
- ▶ Provisioning, Installation, Maintenance and Repair
- ▶ Performance Metrics, Customer Service/Complaint Group



# ATM/Frame Relay Service

(Example of an end-to-end managed service network)

